

# MEMO

**DATE:** October 3, 2005

**TO:** Regional Comprehensive Plan Task Force

**FROM:** Bruce DeVine, [devine@scag.ca.gov](mailto:devine@scag.ca.gov), (213) 236-1903

**RE:** Draft RCP Economy and Education Chapter

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## RECOMMENDED ACTIONS

Recommend that the Task Force forward this Draft version of the RCP Economy and Education Chapter, along with the two additional sections referenced below as soon as they are ready, to the CEHD Committee for review at its next regular meeting.

## BACKGROUND INFORMATION

The attached *Draft Economy and Education Chapter* of the Regional Comprehensive Plan and Guide represents the fourth stage in the development of this chapter. In the initial stage staff presented a matrix titled "SCAG Economic Policy Statements and Recommendations for Revision," which contained a list culled from four key SCAG documents: the Economy Chapter of the 1996 RCP&G, the 2004 RTP, Southern California Compass, and the "Southern California Regional Strategy for Goods Movement: A Plan for Action" (March 2005). This list of policy statements and recommendation was then amended and added to in three subsequent rounds, in the second of these receiving an entirely new "Overarching Theme Statement" drafted by the Task Force.

As requested by the RCP Task Force at its August 22, 2005 meeting, this new Draft is based on the discussions of a sub-group of Task Force members which convened at SCAG on September 22, and represents a consensus of that group.

An "existing conditions" section is in preparation and will be married to this third stage of the chapter when it is completed. An action plan is also being prepared for the chapter. As the latter depends in part on the "existing conditions" section, the two will be finalized in tandem.

**Draft Economy Chapter<sup>1</sup>**  
September 2005  
Regional Comprehensive Plan Task Force

**OVERARCHING THEME STATEMENT**

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Chapter Revised

A bold new strategy is needed -- based upon the Growth Visioning/Compass principles of livability, prosperity and sustainability -- to promote a healthy, flourishing economy for the SCAG region.

As part of this strategy, policies must be developed that

- enable business to be profitable and competitive (regionally, nationally and internationally),
- ensure sufficient employment and income levels to alleviate poverty and meet basic needs, and
- accomplish this within an ecological context that uses resources wisely and sustainably.

The region's economic viability and attractiveness depend upon mutually supportive land use decisions, transportation investments, and educational improvements, including

- focusing development in urban centers, existing cities and along (existing and future) transportation corridors,
- providing housing to meet the needs of all income levels,
- locating new housing near existing jobs and new jobs near existing housing,
- designing/building 'green' to save resources, reduce costs and increase competitiveness
- doing this while ensuring environmental justice
- developing a well-educated work force, and
- fiscal and governmental policies that support these approaches.

Such a strategic vision will only succeed if government, the private sector, non-profit organizations and the region's residents all embrace it. Only with the

<sup>1</sup>Based on the Revised Economy Chapter of the 1996 RCP&G, the 2004 RTP, Southern California Compass, and the "Southern California Regional Strategy for Goods Movement: A Plan for Action" (March 2005)

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participation and cooperation of all the region's stakeholders will this vision be realized.

## Revised Economic Policy Statements

### PRINCIPLES

1. Income targets should be phrased in terms of desired **levels** of real **per capita** income (**personal and household**), average payroll per job, and meeting basic needs. To accomplish this, the region's economy must provide a wide range of employment opportunities.
2. **Governmental regulations and incentives** should – as an overall approach -- reward ingenuity, initiative, enterprise, and creativity, and promote (or at least not hinder) needed economic development.
3. The region's economy should be diverse enough to promote sustained economic health, by not being overly dependent upon a small number of industries or types of businesses.
4. Fiscal and tax systems should be broad enough to protect against over-dependence upon a limited number of income streams.
5. **Growth in the** region's economic prosperity should be shared broadly by residents throughout the region, **at the same time that individual initiative is rewarded.** Environmental health and economic prosperity should go hand in hand.

### Regional Economic Goals

- a. A competitive work force
- b. Trade, infrastructure and investment
- c. Business Climate and Working Conditions
- d. Economic Diversity, Self-Reliance and Business Leadership
- e. Fiscal Reform
- f. Cooperation Among Stakeholders

### Strategies

#### a) Competitive Work Force

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Attracting, retaining, educating and training a diverse, skilled labor force has become an increasingly important objective for regional economies. The ability to attract workers (and firms) is dependent upon the livability and quality of life of a region, its business climate, and working conditions. Investments in these areas are critical for the SCAG region.

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Given the relatively low level of educational achievement of much of the region's labor force, including working age youth, a major priority is to significantly improve the region's educational system.

Linking transportation investments and land use decisions is also a major priority; in order to make the connection between quality of life and attracting/retaining skilled workers and quality firms.

## b) Trade, Infrastructure and Investment

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International trade can create good job opportunities and raise real income levels for the SCAG region. To benefit from the growth in international trade expected, while remaining globally competitive, significant investment is necessary to improve the efficiency and expand the capacity of the region's goods movement infrastructure. Such changes must also occur within a context of environmental quality, environmental justice and respect for local communities.

Needed improvements in the region's goods movement infrastructure depend upon cooperation between government and the private sector. Public investment and planning can play a strong role in attracting needed additional private investment.

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\*Respect for quality of the environment needs to be added.

At the same time, improvements to the goods movement system should not come at the expense of other transportation system investments, nor should they only be the burden of local, regional or state government.

Given current limits on local and state finances, innovative methods will be needed to procure and pay for these system improvements. Both the Federal and State governments must act to support innovative procurement and public-private funding mechanisms, and should take legislative action to allow the region to pursue innovative funding strategies. Such strategies could include, for example, *tax-exempt private activity bonds* for goods movement facilities, *tax-credit bonds* for goods movement infrastructure, and *user/beneficiary fees*.

The national purpose served by Southern California's goods movement system also points to the need for strong federal participation in assisting the region with

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the substantial local burdens it bears in serving this role - including traffic congestion, air pollution, noise, public health impacts, visual blight, and freight-related safety incidents. These burdens are not compensated, thus effectively subsidizing the sale of goods at lower prices in other states. The federal government should explore ways to compensate the region for the services it provides.

### c) Business Climate and Working Conditions

In addition to infrastructure improvements, the effects of governmental rules and regulations are also a factor in business location and retention. Economic regulations and incentives should promote (or at least not hinder) needed economic development. State and local government must have flexibility to attract needed businesses and jobs into the community.

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### d) Economic Diversity, Self-Reliance and Business Leadership

The region must increase its share of employment in those industries and service sectors where wages and salaries will be higher than average and where growth, nationwide and internationally, is expected to be strong, as in many of today's information-oriented industries. It should also include industries with a defined career ladder that do not necessarily require advanced education (e.g., logistics). FedEx and UPS are examples of this type of industry

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At the same time that it pursues growth in these sectors, the region must maintain a sufficiently diverse economic base overall, so as protect against over-dependence upon any few industries or income streams.

The Compass 2% Strategy will help locate jobs and housing near each other in mixed use communities along transportation corridors, in so doing addressing needs locally and helping communities shape their own economic futures.

This economic model must draw increasingly upon leadership from small and medium-size businesses and the region's diverse demographic base.

Everyone who participates in the economy should be able to meet his or her basic needs on a sustained basis for the common good. The new model should include jobs designed to meet environmental goals.

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A state-of-the-art strategy to energize basic industry will also require collaboration and cooperation through industrial clusters.<sup>2</sup> The first step is to increase awareness of both the private and the public sector in the region as to what efforts are already under way supporting industry cluster formation.

#### e) Fiscal Reform

Fundamental fiscal reform at the state, county and local level -- involving sales, property and income taxes -- will be required in order to meet the region's capital investment needs of the region's economy.

Since many of these changes will happen with the cooperation of local government, state, fiscal reform -- including curbing state government's ability to hijack local school and transportation funds -- is most urgent. At the local level, de-emphasis of the dependence upon sales tax revenue is needed. Overall, the tax system should be diverse enough to protect against over-reliance upon any small number of revenue streams.

#### f) Cooperation Among Stakeholders

SCAG and its subregional partners must facilitate buy-in to the need to expand the region's economic base to accomplish these goals. To this end, cities, counties, and other government agencies must become active partners in this process.

<sup>2</sup> Every location, whether it is a nation, a community, or a region, has a unique set of local conditions that underpin the ability of firms based there to compete in a particular field. The competitive advantage of a location does not usually arise in individual companies but in clusters of companies—in other words in groups of companies that are in the same industry or otherwise linked together through customer, supplier, or similar relationships. As in other regions, there are a number of industry clusters in the SCAG region, each possessing unique elements that contribute to the region's economic competitiveness. The fashion industry, the entertainment/multimedia complex, and the biomedical industry are a few examples. See *New Solutions for a New Economic Environment*, The Economy Chapter, RCP&G (SCAG, 2000), pp. 40-41 for more on clusters.

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<#>Goal is agreeable; difference is how we get there.¶  
<#>New model should include jobs to meet environmental goals.¶  
\*Modify #4 to include industries with a defined career ladder and not necessarily requiring advanced education (e.g., logistics).¶  
4. Examples: FedEx, UPS¶  
5X

Deleted: 6XPublic investment is necessary to attract private investment, as well as to maintain and improve the quality of life. The ability to attract workers and firms is dependent upon critical infrastructure investment that can create good schools, mitigate congestion and crime problems, and create world class recreational opportunities.XNone¶

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